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ABSTRACT

A telephone survey conducted March 15-22, 1991, examined how small businesses are currently performing. Interviewees were 400 small business owners randomly selected from a Dun and Bradstreet list of companies with 50 or fewer employees. Major findings were as follows: (1) owners were survivors, highly confident in their own abilities, and optimistic about the future; (2) they were a relatively homogeneous group comprised of men between 34 and 49 years of age who had been employed in a similar field; and (3) their businesses had similarities, such as that they were started by their owners rather than purchased from others; that they were created with a broad focus; and that they usually experienced growth in revenue. Retail establishments and services comprised the largest portion. The greatest challenge was to owners in the Northeast. Owners' comfort level with computers needed to be improved. Following a 10-page study summary are detailed findings in narrative form and tables. Findings regarding the company profile are grouped under general characteristics, business focus, stability, evaluations of immediate business area, and exporting and importing profile. Findings dealing with owners' profiles are divided into the following categories: personal characteristics; owners' experience with and reasons for starting their firms; early worries or concerns; sources of advice; and advice to those considering forming a business. Other findings report on understanding and use of technology. Statistical reliability data and the questionnaire are appended. (YLB)

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SMALL BUSINESS SURVEY
May 1991

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I. INTRODUCTION

IBM commissioned this survey of small business owners to coincide with its support of the U.S. Small Business Administration's annual Small Business Week event, which recognizes outstanding small business owners and the key role of small and growing businesses in the nation's economy.

The goal of the survey is to learn more about how small businesses are currently performing and increase understanding of small business needs. Small and growing businesses play a crucial role in our economy -- they currently produce two out of every three new jobs in the U.S. and account for a significant portion of the nation's economic growth.

IBM has devoted substantial resources to raising awareness of small business and improving the business climate for fast-growing firms, providing small companies with critical business information and improving small business productivity through more effective use of computer technology. The survey represents a continuation of IBM's ongoing commitment to this vital segment of the United States economy.

II. STUDY DESIGN

This study was completed by telephone with 400 small business owners randomly selected from a list of companies with 50 or fewer employees supplied by Dun & Bradstreet. All interviewing and data processing were conducted by Thurm Associates, a marketing research firm based in New York City. Interviewing was completed between March 15 and 22, 1991.

When approaching this study, it was hypothesized that there might be differences between businesses started since the market crash of 1987 and those started earlier in the decade of the 1980's. Further, it was felt that the recent recession would have had a negative affect on these businesses, as it has had on larger firms. As a result, the sample was designed so that half of the owners interviewed had formed their companies from 1980 to 1987, while the remaining half had formed their companies from 1988 to 1991.

Since so many more businesses were formed from 1980 to 1987, all results in this survey were weighted to reflect the proportion of companies that were formed during each of the two time periods discussed above in order to make the total results projectable to the universe of companies formed since 1980 that are still operating.

The hypothesis about the potential differences between companies based upon age of the firm did not bear out; therefore, results discussed in this report are for the total sample and any subgroups for which significant differences exist.

III. READING NOTES

All figures are to be read down, not across, columns.

Throughout the report, dashes (--) indicate a percentage less than 0.5%.

In some cases, percentages do not add exactly to 100%. This may be due to:

- the exclusion of "Don't Knows"
- the rounding of percentages
- the acceptance of multiple responses.

All data in the survey are weighted to reflect the proportion of companies (by number of employees) that were formed during each of the two time periods (1980-1987, 1988-1991) in order to make the results projectable to the universe of companies formed since 1980 that are still operating.

All bases shown are unweighted.

IV. SUMMARY OF MAJOR FINDINGS

THESE SMALL BUSINESS OWNERS ARE SURVIVORS, HIGHLY CONFIDENT IN THEIR OWN ABILITIES AND APPARENTLY UNDAUNTED BY THE RECENT RECESSION OR OTHER UNFAVORABLE EVENTS OF THE PAST DECADE. THEY ARE ALSO QUITE OPTIMISTIC ABOUT THE FUTURE.

Several factors contribute, at least in part, to these owners' confidence and optimism:

- The majority (62%) have increased their revenues during the past two years. In other words, not only have they survived in turbulent times, they have actually grown during this period

- Most started or bought their businesses alone, without any partners to share the cost or potential problems. Many relied solely on their own experience or judgements and continue to do so

- Somewhat surprisingly, a sizable proportion (39%) started their current business in a field in which they had no prior experience

- While a majority have never owned another business, more than three in ten (31%) have formed and managed at least one other business. Half of these owners continue to operate at least one other business. The remainder either picked up the pieces and started again after an earlier failure, or sold their earlier concerns and went on to new challenges

OWNERS OF SMALL BUSINESSES STARTED BETWEEN 1980 AND 1991, WITH SOME EXCEPTIONS, ARE A RELATIVELY HOMOGENEOUS GROUP.

For example, they:

- Are men (81%)

- Who, on average, are 43 years old, with most between 34 and 49 years of age

- Usually describe themselves as "okay" students (45%), despite the fact that they are a relatively well-educated group (64% have attended, though not necessarily graduated from, college)

- Were employed in a similar field before starting their businesses (61%)

- Lack parental examples of entrepreneurialism to follow or emulate (65%)

- Are sports enthusiasts (60%)

- Started their businesses alone (69%) rather than with others (31%)

- Have positive expectations for revenue growth in the coming year (71%)

- Indicate that during the early months of running their businesses, cash flow worries were most likely to "keep them up at night"

Their businesses also have several similarities. The majority:

- Were created (72%) rather than purchased from others (26%)

- Have a broad focus (57%) as opposed to a narrow one (43%)

- Experienced growth in revenues over the past two years (62%)

- Have fewer than five employees (median of 4.4)

  - Most of these employees have no more than a high school degree (55%), especially those in firms with sole proprietors (59%)

- Do not export their products/ services (just 12% currently do). This figure should increase over the next three years to 16%

RETAIL ESTABLISHMENTS AND SERVICES COMPRISE THE LARGEST PORTION OF SMALL BUSINESSES. BASED UPON SECONDARY SOURCES, THESE TWO SECTORS TOGETHER HAVE RECENTLY CONTRIBUTED THE MOST TO U.S. SMALL BUSINESS EMPLOYMENT.

Half of the businesses formed in the past decade are either retail (34%) or service (16%) establishments. According to The State of Small Business, 1990, these two sectors employ the greatest proportion of small business employees and are contributing the greatest number of new jobs.

THE GREATEST CHALLENGE APPEARS TO BE TO SMALL BUSINESS OWNERS IN THE NORTHEAST, THE AREA MOST AFFECTED BY THE RECENT RECESSION.

A higher proportion of small businesses in the Northeast than in other regions indicate that their revenues over the past two years have decreased considerably. Northeasterners are the least likely of all the regions to evaluate their immediate business environment as conducive to doing business. And, along with those from the West, are most apt to say it is extremely difficult to do business in their region.

More of the businesses in the Northeast are reported to be located in towns/rural areas. Small businesses in such locations, more so than those in cities, are unhappy with their immediate business environments and have lesser educated employees.

Further, more Northeasterners have "gone it alone" than have those in other regions (81%).

It is important to note, however, that in keeping with the generally optimistic outlook of other small business owners, this group is equally likely to anticipate revenue growth in the coming year.

THERE IS STILL ROOM FOR IMPROVING SMALL BUSINESS OWNERS' COMFORT LEVEL WITH COMPUTERS. MORE THAN FOUR IN TEN DO NOT NOW USE COMPUTERS OR WORD PROCESSORS AT ALL.

When they first started their firms, just 39% were at least "somewhat comfortable" with computers. Today, that figure has reached 65%.

However, even among those who currently use computers in their businesses (52%), a tremendous gap still exists between how many profess to know or understand how computers can help their businesses by performing a variety of more advanced functions and the number who actually utilize a computer to perform these functions.

Overall, just over half of small business owners (51%) who have computers use them for any functions besides the basic ones of accounting/finance, word processing and mailing lists.

V.

DETAILED FINDINGS

A.

COMPANY PROFILE

1.

General Characteristics

THE LARGEST SEGMENT OF SMALL BUSINESSES FORMED SINCE 1979 ARE RETAIL OPERATIONS.

Among small businesses that were formed between 1980 and 1991, the largest segment can be described as retail (34%). The next largest category (16%) is a general grouping of services other than those that were covered specifically in the survey instrument (and are listed on the following table). This grouping may include, for example, advertising agencies, motels, employment agencies, printing shops, home and office cleaning services, etc. The third largest category is construction/mining (14%), followed by manufacturing (11%), then wholesalers (8%).

Small businesses formed during this period are more likely to be retail establishments if:

- They were purchased (40%) rather than created (32%)
- Owners started or purchased the business with others (48%) rather than alone (29%)
- The area is small (27% in metropolitan areas/ large cities; 34% in medium/small cities; and 40% in rural areas or towns)

Firms started rather than purchased are twice as likely to be miscellaneous services (18% vs. 9%). On the other hand, firms that were purchased as opposed to created are nearly twice as likely to be manufacturing concerns (16% vs. 9%).

SMALL BUSINESS PROFILE

	TOTAL	STARTED	PURCHASED	STARTED ALONE		FIRST BUSINESS STARTED		REGION				FIRM LOCATION		
				Yes	No	Yes	No	North-East	North Central	South	West	Met./ Large City	Med/ Small City	Rural/ Town
Base:	400 (100%)	275 (100%)	116 (100%)	257 (100%)	143 (100%)	275 (100%)	125 (100%)	96 (100%)	91 (100%)	153 (100%)	60 (100%)	115 (100%)	183 (100%)	102 (100%)
INDUSTRY SECTOR														
Retail	34%	32%	40%	29%	48%	34%	34%	33%	41%	30%	31%	27%	34%	40%
Miscellaneous services	16	18	9	16	15	16	14	8	20	21	10	20	14	15
Construction/ mining	14	15	12	18	4	14	14	18	10	14	13	12	14	15
Manufacturing	11	9	16	9	13	8	16	9	6	12	16	8	12	11
Wholesale	8	8	7	8	9	9	7	11	9	6	7	12	7	7
Transportation/ Communica-tions	4	4	7	6	1	5	4	10	4	2	3	5	5	4
Management Consultants	4	4	2	5	--	4	2	4	2	4	7	5	4	2
Finance/ Accounting/ Banking/ Insurance	4	4	3	4	3	3	5	4	2	2	10	6	4	--
Other	5	5	4	3	7	4	6	3	7	8	3	5	5	5

Continued...

Most often, small businesses formed between 1980 and 1991 were created (72%) rather than purchased from others (26%). For businesses purchased, the average length of time they had existed prior to being purchased between 1980 and 1991 is 27 years, with a range of from under five years to more than 50 years. The median is 20 years.

Owners currently involved in their first businesses are more apt to have started the firms (75%) than are the owners who have owned other businesses (63%). Residents of the Northeast (81%) are most likely to have started their firms. Further, as the area in which a small business is located increases in size, so does its likelihood of having been started rather than purchased.

Usually, these companies operate out of just one location in the United States and have no offices abroad.

On average, the businesses participating in this study report annual revenues of $1 million; 46% report annual revenues under $500,000. The median is $200,000.

SMALL BUSINESS PROFILE
(Continued)

				STARTED ALONE		FIRST BUSINESS STARTED		REGION				FIRM LOCATION		
Base:	TOTAL 400 (100%)	STARTED 275 (100%)	PURCHASED 116 (100%)	Yes 257 (100%)	No 143 (100%)	Yes 275 (100%)	No 125 (100%)	North-East 96 (100%)	North Central 91 (100%)	South 153 (100%)	West 60 (100%)	Met./ Large City 115 (100%)	Med/ Small City 183 (100%)	Rural/ Town 102 (100%)
METHOD OF STARTING FIRM														
Started	72%	100%	--	72%	68%	75%	63%	81%	65%	70%	69%	83%	71%	60%
Purchased	26	--	100	25	30	22	36	18	30	28	27	16	27	35
Other	2	--	--	2	3	2	2	1	5	2	--	1	1	5
NUMBER OF LOCATIONS														
Mean	1.3	1.2	1.4	1.2	1.4	1.2	1.4	1.2	1.6	1.2	1.2	1.3	1.3	1.1
Median	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
ANNUAL REVENUES														
Mean (Millions of Dollars)	1.0	1.0	1.1	.7	1.7	.9	1.3	.8	1.6	.8	1.0	1.8	.8	.8
Median (Millions of Dollars)	.2	.2	.2	.2	.4	.2	.2	.2	.2	.2	.2	.2	.2	.2
TYPE OF LOCATION														
Large City/ Met. Area	25%	29%	15%	24%	26%	25%	24%	14%	31%	25%	34%	100%	--	--
Medium City	25	25	26	23	30	21	35	26	20	32	15	--	52	--
Small City	24	24	23	24	23	23	24	22	27	19	30	--	48	--
Town	14	13	15	14	14	15	10	28	9	9	10	--	--	52
Rural Area	13	10	20	16	7	15	7	10	13	15	11	--	--	48

22 Continued

These businesses are equally distributed among large cities/metropolitan areas (25%), medium (25%) and small (24%) cities and towns/rural areas (27%). Fewer companies that were purchased (15%) versus created (29%) report being in metropolitan areas/large cities. Also, fewer businesses located in the Northeast (14%) than in other regions, especially the West (34%) and North Central (31%) regions, are located in the most heavily populated areas. Rather, businesses in the Northeast are nearly three times as likely as those in other regions to be situated in towns (28% vs. about 10% for each of the other regions).

On average, these small businesses employ 6.8 employees including their owners, with a median of 4.4 employees. The following types of firms are somewhat more likely to have a greater number of employees than their counterparts:

- Firms that were purchased rather than started (mean of 8.0 vs. 6.5)
- Those started with others rather than alone (mean of 9.9 vs. 5.4)
- Those that are at least the second business owned (mean of 8.1 vs. 6.3)

SMALL BUSINESS PROFILE
(Continued)

				STARTED ALONE		FIRST BUSINESS STARTED		REGION				FIRM LOCATION		
Base:	TOTAL 400 (100%)	STARTED 275 (100%)	PURCHASED 116 (100%)	Yes 257 (100%)	No 143 (100%)	Yes 275 (100%)	No 125 (100%)	North-East 96 (100%)	North Central 91 (100%)	South 153 (100%)	West 60 (100%)	Met./ Large City 115 (100%)	Med/ Small City 183 (100%)	Rural/ Town 102 (100%)
NUMBER OF EMPLOYEES														
1	19%	21%	11%	26%	4%	22%	12%	21%	13%	20%	23%	25%	15%	20%
	>59%	>61%	>48%	>68%	>39%	>62%	>51%	>56%	>62%	>58%	>59%	>59%	>55%	>63%
2 to 4	40	40	37	42	35	40	39	35	49	38	36	34	40	43
3 to 9	24	22	29	21	28	21	29	20	24	23	30	22	27	18
10 to 14	8	7	9	5	14	8	7	11	3	9	3	6	7	10
15 to 24	6	5	9	4	10	6	6	9	7	4	3	7	6	4
25 to 50	5	5	5	3	9	4	7	4	4	6	4	5	5	4
Mean	6.8	6.5	8.0	5.4	9.9	6.3	8.1	7.1	6.5	7.2	6.1	6.9	7.0	6.4
Median	4.4	4.1	5.3	3.8	6.9	4.1	4.9	4.5	4.3	4.4	4.2	4.2	4.6	4.1
EMPLOYEES' AGE														
Average	35.2	34.9	35.7	35.1	35.3	34.4	36.8	31.3	36.5	35.5	38.7	35.0	35.9	34.0
Median	34.2	33.2	36.1	33.8	34.9	33.6	35.3	31.5	33.9	34.5	37.5	33.6	34.6	33.9
EMPLOYEE EDUCATION														
High School or less	55%	52%	61%	59%	48%	56%	52%	54%	50%	57%	57%	48%	53%	64%
Technical School	4	4	6	3	7	4	6	3	7	4	4	7	4	3
Some College	24	24	24	19	33	25	22	28	25	21	27	20	27	23
College Graduate	13	16	7	16	9	12	15	13	13	16	8	19	12	11
Postgraduate														

Most frequently, these employees have attained a high school or lower level of education (55%). About 15% have graduated from college or obtained a masters degree. Certain firms have a greater likelihood of employing those with no more than a high school education:

- Those purchased (61%), not created (52%)
- Firms started by the owners alone (59%) rather than with others (48%), and
- As the location of a firm becomes smaller, the incidence of firms with employees of this educational level increases (from 48% in metropolitan areas/large cities, to 64% in rural areas/towns

2.

Business Focus

DESPITE THE OVERALL BUSINESS TREND TOWARD NICHE MARKETING, THE MAJORITY OF THESE SMALL BUSINESSES HAVE A BROAD FOCUS.

Nearly six in ten (57%) fit this category. About half of these firms were created with a broad focus in which the owners expected to sell many products or services to customers, or a limited number of products or services to many different types of customers (30%). The others in this category broadened their focus over time (27%).

Twenty-five percent started broad and narrowed their focus with time, while 18% started narrow and remained that way.

Q.7 We would like to find out whether the focus of your business has changed or remained basically the same since you started it. Which of the following statements comes closest to describing your business:

	TOTAL	Started	Purchased
Base: Total	400 (100%)	275 (100%)	116 (100%)
When I started, my business goals were broad -- that is, either I expected to sell many products or services to customers OR a limited number of products or services to many different types of customers. And, the focus has basically remained rather broad	30%	28%	34%
	} 57%	} 55%	} 61%
When I started this business, it had a narrower focus in terms of products/services and/or customers than it has now	27	27	27
When I started this business, it had a broad focus which I narrowed or tightened over time	25	26	19
I started with a narrow focus and have stayed narrow	18	18	19

3.

Stability

FIRMS STARTED FROM 1980 TO 1991 THAT ARE STILL OPERATING APPEAR TO BE DOING WELL DESPITE THE RECENT RECESSION AND OTHER EVENTS THAT OCCURRED DURING THE 1980'S.

In fact, 62% say their revenues over the past two years have grown "considerably/somewhat," with 30% specifying "considerably." As a firm's employee size increases, its likelihood of experiencing growth in revenues during the past two years also increases, from 54% among those with between one and four employees to 77% among those with from 15 to 50 employees.

A greater proportion of small businesses in the North Central portion of the U.S. (73%) than in other regions fared well during this two-year period. Small firms in the Northeast (59%) are no less likely than those in the South (58%) or West (53%) to report recent revenue growth. Yet, this region has the highest proportion reporting that their revenues have decreased considerably (15%), thereby demonstrating some of the effects of the recent recession that has plagued the country and, in particular, the Northeast.

Expectations for growth in the coming year are mostly positive. An even higher proportion expect to do well -- 71% anticipate positive revenue growth during this period. Most of these say that their revenues will grow "somewhat" (43%) as opposed to "considerably" (28%).

Q.13 Over the last two years, has your business revenue:

Q.14 And, over the next year, do you expect your business revenue to:

				EMPLOYEE SIZE			REGION			
Base: Total	TOTAL 400 (100%)	STARTED 275 (100%)	PURCHASED 116 (100%)	1-4 199 (100%)	4-14 137 (100%)	15-50 64 (100%)	North-east 96 (100%)	North Central 91 (100%)	South 153 (100%)	West 60 (100%)
OVER PAST TWO YEARS, REVENUE HAS:										
Grown considerably	30%	33%	23%	24%	38%	39%	34%	34%	28%	17%
>62%		>61%	>60%	>75%	>72%	>77%	>59%	>73%	>50%	>53%
Grown somewhat	32	29	37	30	34	38	25	39	30	36
Remained about the same	20	19	22	22	16	19	19	15	22	27
Descreased somewhat	10	10	11	14	6	3	6	7	15	10
Decreased considerably	8	8	6	10	5	1	15	4	4	10
OVER THE NEXT YEAR, EXCEPT REVENUE TO:										
Grow considerably	28%	33%	16%	23%	33%	42%	26%	35%	24%	33%
>71%		>77%	>74%	>69%	>71%	>83%	>72%	>75%	>68%	>69%
Grow somewhat	43	38	58	46	38	41	48	40	44	36
Remain about the same	22	21	23	25	20	15	22	22	22	24
Decrease somewhat	4	4	3	2	8	1	2	2	6	3
Decrease considerably	1	2	-	2	1	-	2	-	2	1

As size of firm increases based upon number of employees, so, too, do positive expectations regarding future growth (69% among those with under five employees, to 83% among the largest segment). No significant differences exist by region, however.

There is a significant correlation between the age of an owner and how well his/her business has performed during the past two years. This relationship also appears to exist when expectations are examined, but it is not significant.

	OWNERS' AGES		
	Under 40	40 to 49	50 or Older
Base:	168 (100%)	133 (100%)	97 (100%)
PAST TWO YEAR PERFORMANCE			
Grew considerably	33%	26%	27%
Grew somewhat	38	35	20
	〉 71%	〉 61%	〉 47%
Remained the same	19	16	27
Decreased somewhat	3	14	18
Decreased considerably	6	9	7
EXPECTATIONS FOR THIS YEAR			
Grow considerably	29%	28%	27%
Grow somewhat	47	41	39
	〉 76%	〉 69%	〉 66%
Remain the same	20	25	22
Decrease somewhat	3	5	3
Decrease considerably	1	--	2

FEW BUSINESSES EXPECT TO DOWNSIZE IN THE COMING YEAR.

This finding reinforces these businesses' positive outlooks. Overall, just six percent anticipate downsizing in the upcoming year, while 93% do not expect to do so. More firms started with others (11%) rather than alone (4%) anticipate downsizing.

Q.16a Do you expect to downsize in the coming year?

	TOTAL	EMPLOYEE SIZE			STARTED ALONE	
		1-4	5-14	15-50	Yes	No
	400	199	137	64	257	143
	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)
EXPECT TO DOWNSIZE IN COMING YEAR						
Yes	6%	5%	9%	7%	4%	11%
No	93	95	91	93	95	89

4.

Evaluations of Immediate Business Environment

MORE OFTEN THAN NOT, SMALL BUSINESS OWNERS EVALUATE THEIR IMMEDIATE BUSINESS ENVIRONMENTS AS CONDUCIVE FOR CONDUCTING BUSINESS.

Two out of three owners do so (67%), though just 17% say their immediate environments make it "extremely" easy to carry out their business activities.

Businesses located in the South are most likely to find their business environments conducive to doing business (72%), especially in comparison to those located in the Northeast (57%). More than businesses in the other regions, those in the Northeast (15%) and the West (17%) evaluate their regions as "extremely difficult" in which to conduct business.

Further, as shown below, the smaller the area in which a business is situated, the higher the proportion of businesses evaluating their areas as "extremely difficult" in which to do business.

	FIRM LOCATION		
	Met. Area/ Large City	Medium/Small City	Rural Area/ Town
Base:	115 (100%)	183 (100%)	102 (100%)
Extremely difficult	3%	8%	16%

Q.17 Thinking about the geographic area of your business headquarters and operations, how would you evaluate it in terms of the ease or difficulty with which you can operate your business? Would you say the immediate business environment is...

		REGION			
Base: Total	Total	North-east	North Central	South	West
	400	96	91	153	60
	(100%)	(100%)	(100%)	(100%)	(100%)
IMMEDIATE BUSINESS ENVIRONMENT					
Extremely easy in which to do business	17%	13%	22%	14%	27%
	>67%	>57%	>61%	>72%	>67%
Easy in which to do business	50	44	49	58	40
Fairly difficult in which to do business	23	28	28	18	15
Extremely difficult in which to do business	9	15	1	7	17

ACCESS IS THE LEADING REASON FOR FAVORABLE EVALUATIONS OF THESE BUSINESSES' IMMEDIATE AREAS.

Slightly more than half (53%) of those evaluating their areas favorably mention access, including "being easy to reach" (14%), "close to customers" (14%), being a "good location" (13%), and "centrally located" (10%). These business owners say, for example:

> "This is a good area; the demographics are favorable. There has been a healthy influx of people in the past few years."
>
> "My location is good. Other stores in the mall attract customers to me."
>
> "This is a high population center. Many people are here to use my services."
>
> "I'm in the primary technology area, Silicon Valley, and our business is technology management."
>
> "We are located on a major highway. There is easy access and good publicity."

Somewhat fewer business owners located in the Northeast (42%) than in other regions cite access as a factor contributing to their business environment's ease of doing business. Owners in this region (18%) and the North Central states (13%) are more likely than those in the South (6%) or West (1%) to suggest there is little competition in their regions.

Q.18 What factors make it easy in which to do business?

Base: Total	Total	REGION			
		North-east	North Central	South	West
	264 (100%)	58 (100%)	59 (100%)	110 (100%)	37 (100%)
ACCESS (NET)	53%	42%	58%	53%	59%
Easy to reach	14	11	16	16	10
Close to customers	14	12	11	14	20
Good location	13	12	8	16	18
Centrally located	10	11	6	11	10
Close to suppliers	4	--	8	6	2
Demand for/need for my product/service	16%	15%	21%	10%	21%
FINANCIAL STABILITY (NET)	12%	7%	15%	14%	6%
Area growing	6	3	9	8	1
COMPETITION (NET)	10%	18%	13%	6%	1%
Not much competition	5	11	9	2	--
REPUTATION (NET)	8%	9%	3%	12%	6%
Large population	5	6	1	6	6

* Major Mentions

EXCESSIVE COMPETITION AND LIMITED CUSTOMERS CONTRIBUTE TO A POOR MARKET BASE, WHICH IS MENTIONED MOST OFTEN AS THE REASON FOR EVALUATING AN AREA POORLY.

In total, nearly six in ten (58%) cite issues that contribute to a poor market base. Most frequently, they mention too many competitors (36%), while half as many (18%) indicate that the business environment in which they operate lacks a sufficient customer base. Comments indicative of these beliefs include, for example:

> "The large amount of competition in this area."
>
> "The competition in this area is not professional. There is a very lazy attitude in New Orleans. They don't have proper licenses and don't know what they're doing. They give us a bad name."
>
> "There are many other similar businesses in this area and that makes it difficult."
>
> "Lack of customers on the whole. There are more companies than customers, so there is a lot of competition."
>
> "This area has the lowest per capita income in the region and state. People don't have money."
>
> "The type of people who would be our customers are just not in this area."
>
> "Small population. There isn't much demand. There is a lot of competition from the large cities nearby."

Additionally, 16% cite the economy as a contributing variable, while 11% indicate their location is inconvenient for customers to access.

Q.19 What factors make it difficult to operate a business?

Base:	Total 127 (100%)
POOR MARKET BASE (NET)	58%
Competition (Subnet)	36%
Too much competition	28
Lack of Customers (Subnet)	18%
Small town area	13
Lack of customers	6
Low income area	7
The economy	16
Inconvenient location	11
All "problem" in particular industry	7
Government regulations	6
Taxes	5

* Major Mentions

THE TWO MOST OFTEN HEARD SUGGESTIONS FOR ENHANCING THESE BUSINESSES' INFRASTRUCTURES ARE LOWERING TAXES AND IMPROVING EDUCATION/TRAINING.

Twenty-seven percent call for lower taxes, especially those in the North Central (37%) and Northeast (33%) regions. Further, though not shown on the following table, the younger the business owner, the more likely he/she is to call for lower taxes (34% among those under the age of 40, with a low of 21% among those 50 and older).

One in five (20%) assert that the education and training of potential employees in their areas must be improved. This is particularly true among business owners located in the South (26%).

The next most frequently cited suggestion for improvement pertains to the transportation system (14%). Some refer to mass transit systems, while others refer to roads and highways.

Comments offered in response to this question tend to be single word answers, thus no verbatims are needed.

Q.20 If you think about the infrastructure surrounding your business headquarters -- in other words, transportation, taxes, labor availability, educational system, quality of life, and so on, what would you say is most in need of improvement?

		REGION			
	Total	North-east	North Central	South	West
Base: Total	400 (100%)	96 (100%)	91 (100%)	153 (100%)	60 (100%)
Lower taxes	27%	33%	37%	20%	17%
Education/training	20	13	20	26	20
Transportation	14	16	9	15	18
Quality of life	6	3	8	7	8
Other	16	18	12	16	14
Nothing	8	9	8	7	10
Don't know	10	10	9	11	12

* Major Mentions

THE DOWNSIZING OF LARGER BUSINESSES SEEMS NOT TO HAVE ADDED SUBSTANTIALLY TO THE POOL OF QUALIFIED CANDIDATES FOR EMPLOYMENT BY SMALLER BUSINESSES.

More than half (53%) say that either the downsizing has not added to the pool of people they would consider (28%) or that there really has not been much downsizing in their areas (25%).

The single region taking exception to these claims is the Northeast, where more than half (52%) indicate that the downsizing of larger businesses has added somewhat (16%) or substantially (36%) to the qualified candidate pool. Coincidentally, the Northeast is the region hit hardest by the recent recession.

Q.15 For the moment, assume that you are in a hiring mode. How, if at all, has the downsizing of businesses in your area affected <u>your</u> ability to hire more qualified individuals than you may have been able to get a year or two ago?

		REGION			
	Total	North-east	North Central	South	West
Base: Total	400 (100%)	96 (100%)	91 (100%)	153 (100%)	60 (100%)
There are substantially more qualified individuals available from whom to choose now	19%	36%	15%	15%	8%
	>35%	>52%	>33%	>28%	>26%
There are some more qualified individuals available from whom to choose now	16	16	18	13	18
The downsizing hasn't affected my ability to hire since the people now out of work as a result of the downsizing do not have the qualifications to work for me	28	20	22	35	32
	>53%	>41%	>57%	>58%	>55%
There really hasn't been much downsizing of companies in my area	25	21	35	23	23
Don't know	8	5	8	9	15

5.

Exporting and Importing Profile

JUST ONE IN EIGHT NOW EXPORT THEIR PRODUCTS/SERVICES ABROAD, BUT MORE INTEND TO DO SO AND THOSE WHO NOW DO EXPECT THEIR REVENUES TO GROW.

While 88% do not do so, 12% currently export their products/ services. In three years, approximately 16% estimate they will be exporting, for a 33% increase.

The most popular areas for exporting include Western Europe (59%), Canada (56%), Eastern Europe (45%) and Asia/Far East (44%).

If a firm does export, the average length of time it has been doing so is 4.0 years; the median is 3.0 years.

On average, exports account for 17% of these businesses' revenues (median of 10%).

Another indication of export growth among small businesses is the fact that 75% of those who currently export expect their revenues derived from exports to grow in the next three years.

Q.21 Does your company export its products/services abroad?

Q.25 (FOR THOSE WHO DO NOT EXPORT) Do you plan to export in the next three years?

		REGION			
	Total	North-east	North Central	South	West
Base: Total	400	96	91	153	60
	(100%)	(100%)	(100%)	(100%)	(100%)
Company now exports	12%	10%	13%	8%	23%
Total companies that will be exporting in three years	16%	13%	18%	11%	24%

Q.25 To what parts of the world do you export?

Q.23 For how long have you been exporting?

Q.24 What proportion of your business volume is accounted for by exports?

Base:	Total 40 (100%)
Western Europe	59%
Canada	56
Eastern Europe	45
Asia/Far East	44
Mexico	34
South America	32
Middle East	31
Pacific Rim	22
Latin America	22
Average time exporting (years)	4.0
Median time exporting (years)	3.0
Average volume of business accounted for by exports	17%
Median	10%
EXPECT EXPORT REVENUES TO:	
Grow	75%
Remain Same	10
Decrease	5
Unsure	10

NOW, ONE IN FIVE IMPORT MATERIALS OR PRODUCTS FOR THEIR BUSINESSES.

In total, 19% do so. Businesses located in the North Central region have the lowest likelihood of doing so (13%).

Q.27 Does your business import products or services from abroad?

Base: Total	Total	North-east	North Central	South	West
	400 (100%)	96 (100%)	41 (100%)	153 (100%)	60 (100%)
Yes, business imports products or services	19%	23%	13%	17%	28%
No, business does not import products or services	81	77	87	83	72

B.

PROFILE OF OWNERS

1.

Personal Characteristics

DESPITE THE RECENT GROWTH IN WOMEN-OWNED BUSINESSES, THE MAJORITY OF BUSINESSES FORMED IN THE LAST DECADE CONTINUE TO BE OWNED BY MIDDLE-AGED MEN.

Overall, more than eight in ten (81%) are owned by men, versus 19% by women. An owner's average age is 43.

Generally, these owners are well-educated. Nearly four in ten (38%) have graduated from college or attained a post-graduate degree. Overall, 64% have attended college.

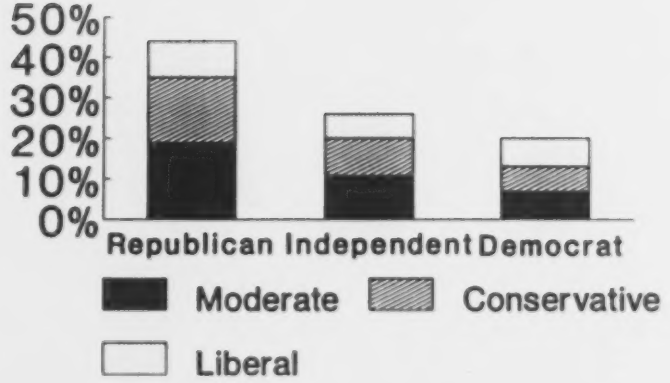
PROFILE OF OWNERS

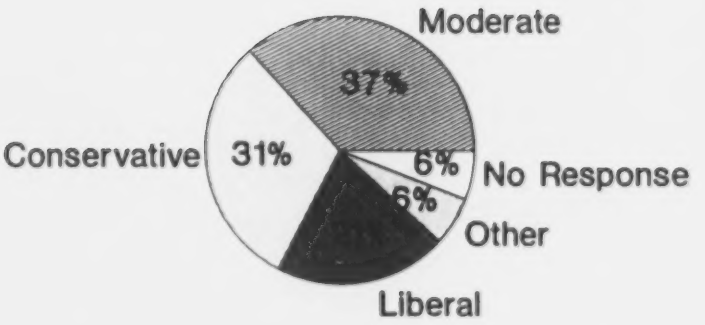
	TOTAL	AGE		
		Under 40	40-49	50+
	400 (100%)	168 (100%)	133 (100%)	97 (100%)
SEX				
Male	81%	86%	76%	80%
Female	19	14	24	20
AGE				
18 to 24	1%	2%	--%	--%
25 to 34	19	48	--	--
35 to 39	20	50	--	--
40 to 49	33	--	100	--
50 to 59	20	--	--	76
60 and older	6	--	--	24
Mean	43.3	33.0	44.5	57.0
Median	43.0	34.9	45.0	56.6
EDUCATION				
High school or less	30%	26%	28%	38%
Technical school	6	7	8	2
Some college	26	29	29	17
College graduate	24	26	26	17
Postgraduate work/degree	14	11	9	23

A PLURALITY OF SMALL BUSINESS OWNERS ARE REPUBLICANS; MOST DESCRIBE THEMSELVES AS MODERATE, THOUGH CONSERVATIVE IS A CLOSE SECOND.

Overall, 44% say they are affiliated with the Republican party, while 26% espouse to be Independents and 20% are Democrats. Irrespective of their party affiliation, the largest proportion are moderates (37%), followed by conservatives (31%). Liberals make up just 21%.

POLITICAL AFFILIATION

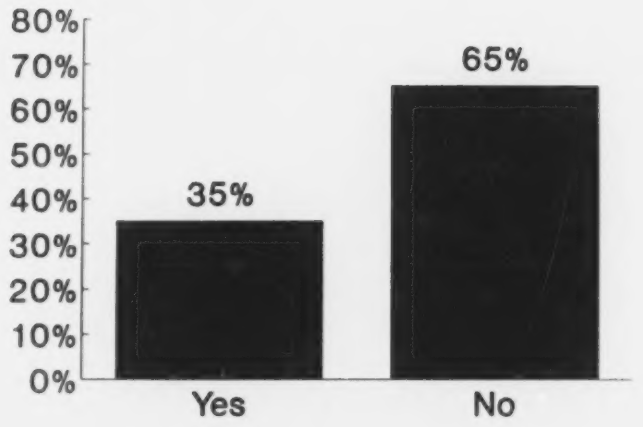


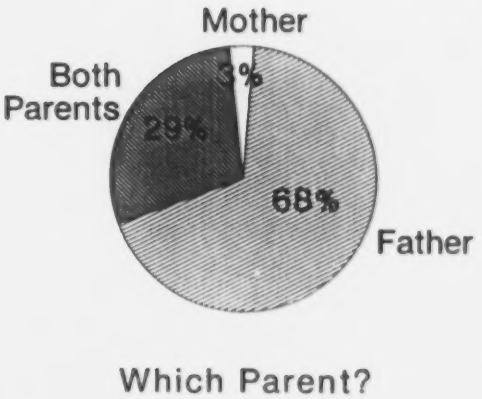


THOUGH NOT A MAJORITY, A SUBSTANTIAL PROPORTION OF THESE BUSINESS OWNERS HAD PARENTS WHO WERE ENTREPRENEURS, MOST OFTEN THEIR FATHERS.

While 65% indicate that their parents were not entrepreneurs, 35% do. Clearly, the majority of these were their fathers (68%), although three in ten (29%) say both parents were entrepreneurs.

HAD PARENTS WHO WERE ENTREPRENEURS





MOST SAY THEY WERE NEITHER EXCELLENT NOR POOR STUDENTS AS CHILDREN.

Looking back at their performance in school, these owners usually describe themselves as "okay" students (45%). About one in four (23%), however, say they were excellent students and a similar proportion (24%) classify themselves as "mediocre." Just 8% say they were poor students.

The older the entrepreneurs, the most likely they are to describe themselves at the lower end of the spectrum of performance as a student. While 26% of those under the age of 40 indicate they were mediocre/poor students, 43% of those age 50 and older do so.

OWNERS' PERFORMANCE AS STUDENT

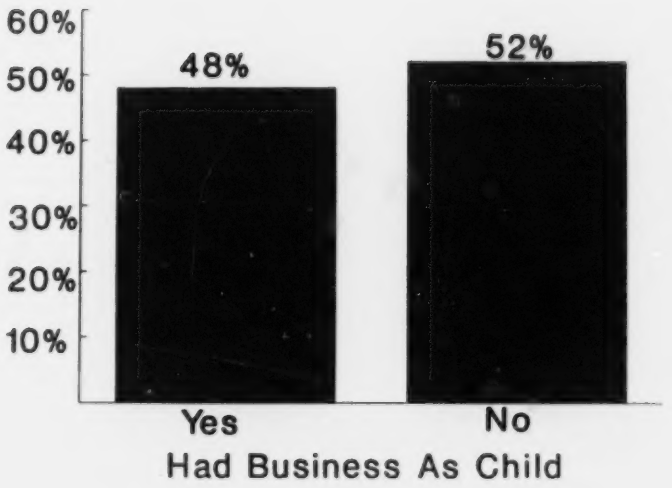
		AGE		
Base:	TOTAL 400 (100%)	Under 40 168 (100%)	40-49 133 (100%)	50+ 97 (100%)
Excellent student	23%	25%	18%	26%
Okay student	45	49	52	30
Mediocre student	24	21	23	30
	>32%	>26%	>29%	>43%
Poor student	8	5	6	13

NEARLY HALF WERE ENTREPRENEURS AS CHILDREN.

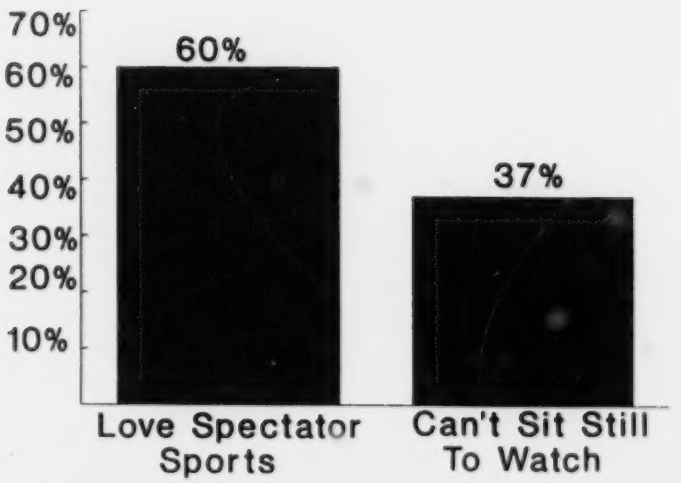
Small business owners who started their most recent firm during the past decade or so are about equally divided between having been entrepreneurs as children (48%) and not (52%).

Most thoroughly enjoy spectator sports (60%).

Entrepreneurs As Children



Enjoyment of Spectator Sports



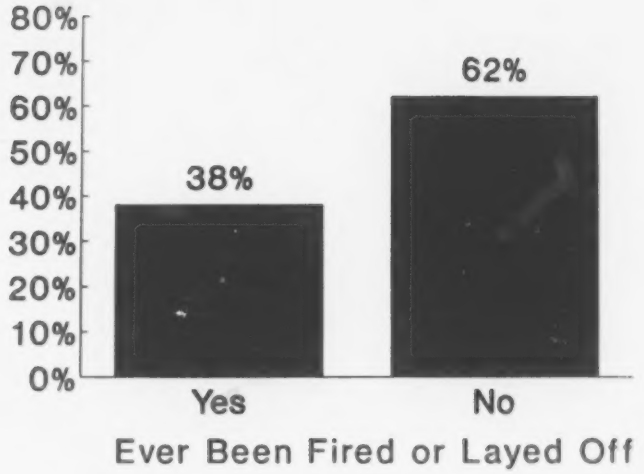
A SUBSTANTIAL PROPORTION HAVE BEEN FIRED OR LAYED OFF DURING THEIR EMPLOYMENT HISTORY.

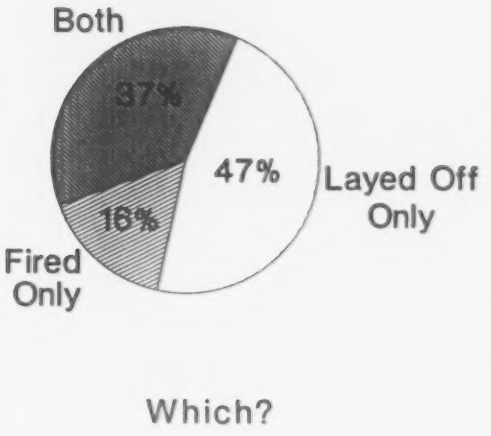
Many of these owners (38%) have been fired or layed off during their years of employment:

- 20% have been fired
- 32% have been layed off
- 14% have experienced both forms of dismissal

If we examine just those with dismissals in their job histories, we find that 47% have been layed off only, 16% have been fired only, and 37% have been both fired and layed off.

JOB DISMISSAL HISTORY





NEARLY HALF DO NOT PLAN TO RETIRE OR CANNOT SPECIFY WHEN THEY MAY DO SO.

Fully 48% fall into this category. Eighteen percent say "never," 6% assert "probably never," and 24% do not know when they will retire.

The older the business owner, the more likely he is to have specific plans for retirement.

PLANS FOR RETIREMENT

	TOTAL	AGE		
		Under 40	40-49	50+
	400 (100%)	168 (100%)	133 (100%)	97 (100%)
PLAN TO RETIRE?				
At a specific age	25%	32%	26%	12%
In a specific number of years	21	14	20	32
Never	18	17	19	18
Probably never	6 } 48%	6 } 57%	6 } 51%	6 } 49%
Don't know	24	22	26	25
Other response	6	8	2	7

2.

Owners' Experience With and Reasons For Starting Their Firms

MORE OFTEN THAN NOT, THESE BUSINESS OWNERS STARTED RATHER THAN PURCHASED THEIR FIRMS AND DID SO ALONE.

As mentioned earlier, most started the company discussed in the interview rather than purchased it from others. As the size of a firm's location increases, there is a higher likelihood that it was created rather than purchased from others.

If a business was purchased from others, the average length of time it had previously existed is 27 years (median of 20 years).

Most of these businesses (69%) were started or purchased by just one person. As might be expected, the smaller the firm, the more likely it is to have been started or purchased by one individual. Further, more of the businesses started (73%) as opposed to having been purchased (58%) were formed by a single entrepreneur.

If the firm was started with others, the partner(s) was usually of the same sex as the other owner (60%). This is certainly the case among those who started their businesses (67%) rather than purchased them (46%).

Q.2a Did you start it yourself or did you purchase it from someone else?

How long had it been in business when you bought it?

		STARTED ALONE		FIRM LOCATION		
Base: Total	TOTAL	Yes	No	Met./ Large City	Med./ Small City	Rural Town
	400 (100%)	257 (100%)	143 (100%)	115 (100%)	183 (100%)	102 (100%)
Started	72%	75%	63%	83%	71%	60%
Purchased	26	22	36	16	27	35
Number of yearshad been in business if purchased						
Mean	27.0	27.3	26.9	25.1	23.6	32.8
Median	20.0	20.0	23.0	30.0	20.0	25.0

Q.2b Did you start it or buy it yourself or with one or more other individuals?

Q.2c Was this person(s) a member of the same or opposite sex?

		EMPLOYEE SIZE			Star-	Pur-
Base: Total	Total	1-4	5-14	15-50	ted	chased
	400 (100%)	199 (100%)	137 (100%)	64 (100%)	275 (100%)	116 (100%)
Started or bought alone	69%	79%	58%	45%	73%	58%
Started or bought with others	31 (100%)	21 (100%)	42 (100%)	55 (100%)	27 (100%)	42 (100%)
Same sex	60%	60%	64%	54%	67%	46%
Opposite sex	24	23	22	28	18	36
Both same and opposite sex	16	17	14	18	15	18

TO MAKE MONEY/OBTAIN SECURITY AND SATISFY INTERNAL NEEDS ARE THE TWO DRIVING REASONS ASIDE FROM THE NEED FOR INDEPENDENCE THAT MOTIVATE THESE ENTREPRENEURS TO FORM THEIR OWN FIRMS.

Aside from the desire or need for independence, the leading reasons for beginning companies are money/security (30%) or to satisfy an internal need (24%), such as controlling their own destiny or achieving a life-long ambition. A few felt the product or service they had to offer was needed (7%) and an equal proportion (7%) were out of work. It is interesting to note that there is no significant difference in the proportion who were out of work when comparing owners of firms formed from 1980 to 1987 (7%) with those started since 1987 (5%).

Examples of comments pertaining to money/security and internal needs follow.

> "To build equity, make money."
>
> "To get a return on investment. I like to do what I do and enjoy the industry. It pays well if you do well."
>
> "I wanted something to leave my daughter. Security. I made more money working for someone else, but I just wanted something of my own."
>
> "Income. I'm retired from my previous job and this keeps my income where I want it without everyday involvement. It's all economics."
>
> "Take care of my own destiny, my own goals."
>
> "I worked for other companies and saw how they mistreated their employees. I wanted to form a company that was good to work for."

Q.3 Many entrepreneurs and small business owners say they started their own businesses for the independence it provides. Aside from independence that might include factors such as flexible schedules, not reporting to a boss other than yourself, and so on, what MAJOR reason or need did you have for starting your own firm?

Base: Total	TOTAL 400 (100%)
MONEY/SECURITY (NET)	**30%**
Make more money/better profit	22%
Security	3
SATISFY INTERNAL NEEDS (NET)	**24%**
Always wanted my own business	4
Unhappy working for others	3
Control my own destiny	3
Satisfaction of doing it myself	3
Product/service was needed	7
Didn't have a job/layed off	7
To directly benefit myself	4
I like it (non-specified)	4

* Major Mentions

"I wanted to be away from being employed. Wanted to be on my own, wanted a gift store."

"Basically, in the job I had before, I worked on commission. So, any money that came in they took right back. So I thought I could work just as hard for myself."

"Part of it was to leave the nest and fly with my own wings. The other reason, though, was because my father has cancer and I wanted to be nearby to help and there wasn't any place to work, so I started my own business."

"It's just a way of life for me. It's the way I was brought up. It's all I know."

Although the majority (69%) of owners included in this study had formed just their current business, 31% had formed other businesses previously. On average, this latter group had formed more than two previous companies. Further, among those who have formed other companies, half (51%) indicate that at least one of these companies is still in operation (average of 1.1 businesses).

Q.4a Is this the first business you've started or were there others before?

Q.4b How many others have you started?

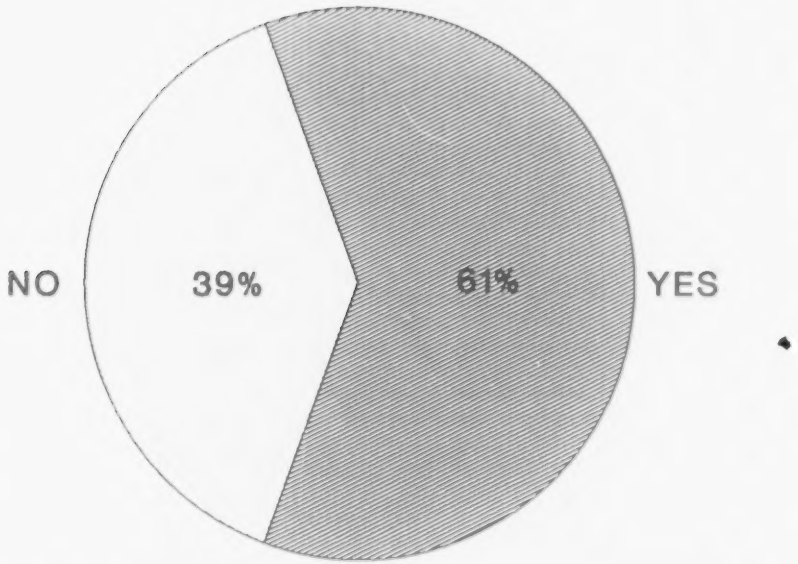
Q.4c How many of those are still operating?

Base:	TOTAL 400 (100%)	
CURRENT BUSINESS IS FIRST EVER STARTED	69%	
HAVE STARTED OTHERS BEFORE	31% (100%)	
One	43%	89%
Two	24%	
Three or more	33%	
Mean	2.6	
Median	2.0	
Number of other businesses still operating		
None	48%	
At Least One	51%	
One	32%	45%
Two	5%	
Three	8%	
Mean	1.1	
Median	1.0	

WHILE MOST HAD PREVIOUS EXPERIENCE IN THE FIELD OF THEIR BUSINESS, FULLY FOUR IN TEN DID NOT.

Most of these owners were employed in a similar field (61%) at some point earlier in their job history. It is surprising, however, to find that 39% of these owners formed or purchased a company in an industry or sector with which they had no prior experience. That fact may contribute, in large part, to the number of small business failures that occur each year.

PRIOR EMPLOYMENT IN SIMILAR FIELD



3.

Early Worries or Concerns

CASH FLOW WAS THE SINGLE MOST WORRISOME CONCERN OF THESE OWNERS WHEN THEY FIRST STARTED THEIR BUSINESSES.

Somewhat more than four in ten (42%) cite cash flow. Also of concern were the economy (28%), particularly among those who started their firms since the market crash (41% vs. 25%), determining how to improve productivity (28%), financing capital improvements (27%) and paperwork (26%).

Generally, fewer business owners residing in the Western region of the U.S than in other regions exhibited concern about most of these items. More of those in the Northeast than elsewhere were concerned about the economy (40%) and how to improve productivity (37%).

Q.5 For each of the following, please tell me how worrisome each was during the early months of running your business. Use the following scale for each: Kept me awake at night -- a Great Deal, Often, Occasionally, Seldom or Never.

		REGION			
	Total	North-east	North Central	South	West
	400 (100%)	96 (100%)	91 (100%)	153 (100%)	60 (100%)
KEPT ME AWAKE AT NIGHT A GREAT DEAL/OFTEN					
Cash flow	42%	45%	42%	42%	35%
The economy	28	40	27	26	16
Determining how to improve productivity	28	37	28	28	11
Financing capital improvements	27	34	27	22	27
Paperwork	26	30	34	23	11
Figuring out how to best sell or market my products/services	24	29	30	23	12
Government regulations	20	22	18	21	16
How to find good employees	17	25	12	14	22
Production	17	19	17	18	8
Bookkeeping	17	20	22	14	11
Inventory control	11	10	13	12	7
Insuring my business	11	18	16	5	6
How to get and maintain health insurance for employees	11	16	10	7	11
How to keep employees	10	14	12	9	4
When to hire employees	9	9	11	9	6

4.

Sources of Advice

OWNERS HAVE A WIDE RANGE OF SOURCES AVAILABLE FOR BUSINESS COUNSEL AND ADVICE. WHEN STARTING THEIR BUSINESSES, THE MOST FREQUENTLY MENTIONED SOURCE RELIED UPON WAS THEMSELVES AND THIS REMAINS SO EVEN TODAY. HOWEVER, ACCOUNTANTS ARE NOW MENTIONED ALMOST AS FREQUENTLY.

When these entrepreneurs first began their businesses, no other source was named to the same extent as themselves (32%). However, some sought the advice of other business owners (19%) or friends/relatives (18%). Accountants were a distant fourth (10%).

Today, these owners continue to trust their experience or intuition (28%) but accountants are also important (25%), possibly because they may be perceived as good conduits of information or because of these owners' recognition of the importance of managing their finances properly.

Q.6 As best you can recall, on what sources did you rely most for counsel or advice to start your business?

Base: Total	Total 400 (100%)
Self	32%
Other business owners	19
Friend/relative	18
Accountant	10
Lawyer	7
Banks/banker	5
Publications	4
Small Business Administration (SBA)	3
Mate (husband or wife)	3
Other	2

* Major Mentions

Q.28 Finally, what sources do you rely upon most now for counsel or advice for running your business?

Base: Total	Total 400 (100%)
Self	28%
Accountant	25
Other business owners	14
Friend/relative	12
Lawyer	12
Mate (husband or wife)	5
Publication	5
Banks/banker	5
Consultants	4
Other	7

* Major Mentions

5.

Advice to Those Considering Forming a Business

PAYING ATTENTION TO FINANCES IS THE MOST FREQUENT SUGGESTION THESE OWNERS OFFER TO PROSPECTIVE SMALL BUSINESS OWNERS.

One in three (34%) offer this piece of advice, emphasizing in particular that the company be properly financed from the start to handle the demands that will be presented. Since the leading concern to these owners when they first started their firms was cash flow, this piece of advice would be expected.

Additionally, 16% recommend that prospective owners know what they are doing and another 12% encourage them to work hard and "stick with it." Twenty percent offer comments that are negative, such as "don't do it" (10%), or be prepared for arduous work (5%).

They say, for example:

> "Be extremely cautious of poor financial investments."
>
> "Make sure you have sufficient capital to undertake your own business."
>
> "It would probably be to borrow more capital to have the cash to finance needed equipment."
>
> "Don't overstep your cash flow. Don't get yourself into a bind by spending more than you have coming in."
>
> "Know your market before you start it. Don't be narrow-minded about the product and market. Do a lot of research before you start."
>
> "I would tell them to know what they are getting into because all businesses aren't smooth sailing, it's up and down for a while."

Q.8 If you were to give one piece of advice to individuals starting their own businesses today based upon your early experiences, what would it be?

Base: Total	Total 400 (100%)
FINANCIAL (NET)	**34%**
Have enough capital/cash	25
Don't over-extend yourself	4
NEGATIVE COMMENTS (NET)	**20%**
Don't do it	10
Be prepared for arduous hours/work	5
KNOW WHAT YOU'RE DOING (NET)	**16%**
Do research	5
Know what you're getting into	4
WORK HARD/STICK TO IT (NET)	**12%**
Persevere	8
Work hard/long hours	6
Go for it	7

* Major Mentions

"Don't be afraid to take chances or risks; you learn from them."

"Make sure they really understand the field they are going into. They should research everything and make sure that the business fits the area and try to do something that they enjoy."

"My first instinct is to say 'don't' but it's the American dream. Know your market or clientele and keep adequate cash reserves."

"Thorough planning before starting. Make sure the economy is up and make sure that there is enough working capital. Check out the insurance."

"I would tell them to incorporate their business. That action alone will make them a lot of money. Otherwise, they're gonna get their clock cleaned by the I.R.S."

"I'd tell them to find themselves a job. All the headaches and everything - it's not worth it. Don't start your own business."

"This is just like the restaurant business. You need to be nice to your customers and remember their names. Customers like to be remembered. The customer is always right. Be friendly and nice. The owner should be in the store and work to get to know the customers."

"Be sure about what you want to do. Be good and ready to sacrifice. When you think you can come and go as you please, you end up working 10, 12 or 15 hours a day. Just be sure."

"Learn your capital limitations. Never go by a promise from franchises. Spend what you can afford, don't overextend."

C.

UNDERSTANDING AND USE OF TECHNOLOGY

MORE THAN FOUR IN TEN DO NOT USE COMPUTERS OR WORD PROCESSORS.

Overall, 56% use some form of technology, either word processors and/or computers in their businesses. Most often these are stand-alone personal computers (PCs - 44%) or word processors (34%). An increase in size, based upon number of employees, leads to greater use of technology, including stand-alone PCs, word processors, PC systems/networks and mid-range computers/networks.

For those using any of the technologies discussed, they usually took between two and three years before acquiring or leasing the technology. There is no pattern by size of firm.

Now I'd like to explore at what point during the development of your business you first began to use available technologies to help you run or manage your business.

Q.9a In approximately what year of your business' growth did you first purchase or lease (ITEM)?

Q.9b And, do you currently use (ITEM)?

		EMPLOYEE SIZE		
	Total	1-4	5-14	15-50
Base: Total	400 (100%)	199 (100%)	137 (100%)	64 (100%)
CURRENTLY USE:				
Stand-alone PCs	44%	33%	55%	68%
Word processors	34	26	43	51
PC systems/networks	20	13	29	37
Point of sale computers	12	8	17	17
Mid-range computers/networks	11	9	13	21
NONE OF THE ABOVE	**44%**	**55%**	**33%**	**23%**
AVERAGE NUMBER OF YEARS IN BUSINESS BEFORE PURCHASE/LEASE OF:				
Stand-alone PCs	2.4	2.3	2.3	2.9
Word processors	2.4	2.2	2.8	2.4
PC systems/networks	3.0	2.9	2.9	3.2
Point of sale computers	3.0	3.2	2.7	3.6
Mid-range computers/networks	3.2	3.2	2.8	3.6
MEDIAN NUMBER OF YEARS IN BUSINESS BEFORE PURCHASE/LEASE OF:				
Stand-alone PCs	1.0	1.0	1.0	2.0
Word processors	2.0	1.0	2.0	2.0
PC systems/networks	2.0	2.0	2.0	2.0
Point of sale computers	2.0	2.0	1.0	4.0
Mid-range computers/networks	2.0	2.0	1.0	3.0

MORE THAN SIX IN TEN OF THOSE USING ANY TECHNOLOGY THAT WAS DISCUSSED EVALUATE IT AS "EXTREMELY" HELPFUL FROM THE START.

And, more than nine in ten say the technology was at least somewhat helpful from the onset.

Q.9c How helpful were (INSERT ITEM) when you first purchased or leased them? Extremely Helpful, Somewhat Helpful, Not Very Helpful, or Not At All Helpful?

	Total
Base: Total	400 (100%)
USE STAND-ALONE PCs	**44%** (100%)
Extremely helpful	67%
Somewhat helpful	25
Not very helpful	1
Not at all helpful	4
	>92%
USE WORD PROCESSORS	**34%** (100%)
Extremely helpful	67%
Somewhat helpful	28
Not very helpful	2
Not at all helpful	2
	>95%
USE PC SYSTEMS/NETWORKS	**20%** (100%)
Extremely helpful	66%
Somewhat helpful	30
Not very helpful	--
Not at all helpful	2
	>96%
POINT OF SALE COMPUTERS	**12%** (100%)
Extremely helpful	62%
Somewhat helpful	33
Not very helpful	1
Not at all helpful	4
	>95%
MID-RANGE COMPUTERS/NETWORKS	**11%** (100%)
Extremely helpful	59%
Somewhat helpful	29
Not very helpful	6
Not at all helpful	2

SLIGHTLY MORE THAN HALF WHO HAVE COMPUTERS USE THEM FOR MORE ADVANCED FUNCTIONS THAN ACCOUNTING/FINANCE, WORD PROCESSING AND MAILING LISTS.

The actual proportion is 51%, which translates into about 27% of the universe of small businesses formed in 1980 and beyond. Firms with under five employees are least likely to use their computers for advanced functions (39%, compared to 60% of those with 5 to 14 employees and 66% of those with 15 or more employees). Similarly, firms started by multiple individuals have a greater chance of using their computers for more advanced functions than do those started by a single individual (61% vs. 46%).

The functions most frequently performed are inventory management (18%), payroll (14%), computer-aided design (CAD - 14%), desktop publishing (12%), and business forecasting and planning (10%).

Q.10a Other studies conducted among small business owners usually find that these companies utilize their computers for basically the same purposes as they did several years ago -- for finance/accounting, word processing and mailing lists/billing. Do you use your computer significantly for any other activities?

Q.10b For what activities/functions?

		EMPLOYEE SIZE			STARTED ALONE	
	Total	1-4	5-14	15-50	Yes	No
Base: Have computer(s) (other than word processors)	209 (100%)	80 (100%)	88 (100%)	46 (100%)	126 (100%)	88 (100%)
NO, DO NOT USE COMPUTER FOR OTHER ACTIVITIES BESIDES FINANCE/ACCOUNTING, WORD PROCESSING AND MAILING LISTS/BILLING	48%	61%	38%	34%	52%	39%
YES, USE COMPUTER FOR OTHER ACTIVITIES	51% (100%)	39% (100%)	60% (100%)	66% (100%)	46% (100%)	61% (100%)
Inventory management	18%	9%	31%	4%	19%	18%
Payroll	14	4	20	18	10	19
Computer-aided design	14	15	12	17	11	18
Desktop publishing	12	12	11	11	14	8
Business forecasting/ planning	10	11	8	13	8	13
Personnel/benefits files	6	1	11	3	3	11
Banking	6	5	8	1	2	12
Database access	5	4	7	3	7	3
Tax calculations/preparation	4	7	3	1	5	4
Writing business plans	4	4	4	3	2	6
Electronic ordering	4	6	--	7	1	8

* Major Mentions

CONSIDERABLE IMPROVEMENT MAY BE ATTAINED IN SMALL BUSINESS OWNERS' KNOWLEDGE OF COMPUTER CAPABILITIES.

As the following table depicts, there is a tremendous gap between what these individuals profess to know or understand about computers and how they can help their businesses, and the proportions that utilize computers to manage or conduct their businesses.

For example, 73% of those who use computers say they know how to use them to handle the payroll function. Yet, only 14% of those utilizing computers for more advanced functions do so for the payroll. This translates into just 7% of computer users and only 4% of all small businesses started during and since 1980. Clearly they are missing an opportunity to improve efficiency and reduce costs.

One in four attribute lack of knowledge/skills with responsibility for continued reliance on computers for just the basics. Others cite cost (18%), time constraints (13%) and 12% even say that these functions are not useful. The second table following reinforces the first point. It clearly shows that lack of comfort with computers diminishes the chances that computers are used for more advanced functions.

	USE COMPUTERS			Use Am Tota Samp
	Profess To Understand	Use For More Than Basics	Use Computers At All	
FUNCTIONS				
Payroll	73%	14%	7%	4%
Inventory management	70	18	9	5
Database access	67	5	3	1
Tax calculations/ preparation	64	4	2	1
Business forecasting/ plans	62	10	5	3
Writing business plans	60	4	2	1
Personnel/benefits files	60	6	3	2
Banking	59	6	3	2
Desktop publishing	58	12	6	3
Computer-aided design	57	14	7	4
Credit reports	49	5	3	2
Electronic ordering	46	4	2	1
Telemarketing	37	3	1	1
Electronic bulletin boards	36	3	2	1
Customer access to catalogues	36	1	--	--

.10d What do you think the major reason is that most small businesses continue to rely upon their computers for the relatively basic, but highly important, functions of finance/accounting, word processing and billing I mentioned earlier? Why haven't they broadened their use of computers?

	Total	EMPLOYEE SIZE 1-4	5-14	15-50	Star-ted	Pur-chased	STARTED ALONE Yes	No
ase: Currently Use Computer(s) Other Than Word processors	209 (100%)	80 (100%)	88 (100%)	46 (100%)	146 (100%)	66 (100%)	126 (100%)	88 (100%)
ack of knowledge/ skills	26%	28%	25%	26%	26%	27%	26%	26%
ost	18	13	20	29	13	30	14	25
ime constraints	13	9	21	5	12	17	15	10
ot useful	12	14	11	10	14	9	10	16
eople are intimidated/ fearful	9	7	10	16	4	6	3	8
on't know	26	29	24	20	27	23	31	17

* Major Mentions

Q.10c For each of the activities/functions I read, please tell me if you understand how your computer could be used to perform it.

		CURRENT COMFORT LEVEL WITH COMPUTER		
	Total	Extremely Comfortable	Somewhat Comfortable	Not Comfortabl
Base: Have computer(s) (other than word processors)	209 (100%)	96 (100%)	84 (100%)	27 (100%)
UNDERSTAND HOW COMPUTER COULD BE USED TO PERFORM:				
Payroll	73%	82%	77%	38%
Inventory management	70	81	67	42
Database access	67	73	69	40
Tax calculations/ preparation	64	76	61	38
Business forecasting/ planning	62	70	62	38
Personnel/benefits files	60	65	65	32
Writing business plans	60	69	62	24
Banking	59	78	50	22
Desktop publishing	58	71	48	36
Computer-aided design	57	66	52	35
Credit reports/checking	49	60	49	14
Electronic ordering	46	56	43	22
Bar coding/scanning	38	47	33	24
Telemarketing	37	44	38	14
Customer access to company catalogues	36	50	27	14
Electronic bulletin boards	26	44	33	16

WHILE STILL FALLING SHORT, A SUBSTANTIAL IMPROVEMENT HAS BEEN ATTAINED IN THE COMFORT LEVEL WITH COMPUTERS FELT BY THESE SMALL BUSINESS OWNERS AS COMPARED TO WHEN THEY FIRST STARTED THEIR BUSINESSES.

When they first started their firms, just 39% were at least somewhat comfortable with computers. Today, this figure has reached 65%. The greatest improvement has been achieved among those who began their firms during the period 1980 to 1987:

- This group moved from 35% to 64%
- The remaining group moved from 53% to 66%.

Q.11 How comfortable, if at all, do you feel now about your knowledge and use of computers in your business?

Q.12 Thinking back to when you first started your business, how comfortable, if at all, did you feel about the use of computers in your business?

	Total	Year Company Started 1980-1987	Year Company Started 1988-1991
Base: Total	400 (100%)	200 (100%)	200 (100%)
NOW FEEL:			
Extremely comfortable	30%	30%	31%
	>65%	>64%	>66%
Somewhat comfortable	35	34	35
Not very comfortable	13	12	15
Not at all comfortable	19	20	15
WHEN FIRST STARTED, FELT:			
Extremely comfortable	13%	11%	20%
	>39%	>35%	>53%
Somewhat comfortable	26	24	33
Not very comfortable	25	27	20
Not at all comfortable	31	34	21

VI.

APPENDICES

A.

Statistical Reliability

STATISTICAL RELIABILITY

All findings based on a sample of the universe are subject to some error. The following table shows the appropriate sampling tolerance for various percentage results at the 95% confidence level. For example, if we consider a result of 60% based on the total sample of small business owners (N=400), we can be 95% sure that the true result is contained in the range of five points above or five points below the sample result (that is, within a range of 55% to 65%). When percentage results for sub-groups of the total sample are being considered, the possible error due to sampling is greater.

	Approximate Sampling Tolerances for Survey Percentages at or Near These Levels				
Size of Sample On Which Survey Result is Based	10% or 90%	20% or 80%	30% or 70%	40% or 60%	50%
400	3%	4%	4%	5%	5%
275	4	5	5	6	6
200	4	6	6	7	7
100	6	8	9	10	10
75	7	9	10	11	11
50	8	11	13	14	14

Tolerances are also involved in the comparison of results from different parts of any one sample. In other words, a difference must be of at least a certain size to be considered statistically significant. The table below is a guide to the sampling tolerances applicable when comparing results for sub-groups of the total sample.

	Differences Required For Significance At Or Near These Percentage Levels				
	10% or 90%	20% or 80%	30% or 70%	40% or 60%	50%
Approximate Size of Sample Compared					
250 and 150	6%	8%	9%	10%	10%
200 and 150	6	8	10	10	11
100 and 100	8	11	13	14	14
100 and 75	9	12	14	15	15
50 and 50	12	16	18	19	20

B.

Questionnaire

THURM MARKETING & CONSULTING, INC.
1245 Stuart Road
Princeton, NJ 08540

Study # 01404
March, 1991

SMALL BUSINESS STUDY

SCREENER

(1-4)

RESPONDENT'S NAME:_____

(ATTACH SAMPLE CARD HERE) (5-6)

(7-11)

INTERVIEWER'S NAME:_____ DATE:_____

Hello, I'm _____ from Thurm Research, a national marketing research and public opinion firm. We are conducting a study among small business owners who have started their firms during the past decade.

1. Are you involved in the day to day running of your company?

Yes ..... [ ] No ..... [ ]-->(TERMINATE AND RECORD ON CALL RECORD SHEET)

2. In what year did you start your current firm?

Prior to 1980 .....(TERMINATE AND RECORD ON CALL RECORD SHEET)

1980	12-1	
1981	-2	
1982	-3	
1983	-4	
1984	-5	
1985	-6	
1986	-7	(CHECK QUOTAS)
1987	-8	
1988	-9	
1989	-0	
1990	-x	
1991	-y	

3. How many employees including yourself does your firm employ?

One	13-1	
2 - 4	-2	
5 - 9	-3	
10 - 14	-4	(CHECK QUOTAS)
15 - 24	-5	
25 to 50	-6	

THURM MARKETING & CONSULTING, INC.
1245 Stuart Road
Princeton, NJ 08540

Study # 01404
March, 1991

SMALL BUSINESS STUDY

MAIN QUESTIONNAIRE

1. What type of business is it? Is it: (READ LIST. CIRCLE ONE.)

Agriculture/Forestry/Fishing	1	(14)
Architecture	2	
Construction/Mining	3	
Finance/Accounting/Banking/Insurance	4	
Law Firm	5	
Management Consulting/Consulting	6	
Manufacturing	7	
Physician/Medical	8	
Retail	9	
Transportation/Communication	0	
Wholesale Trade	x	
Other Services	y	
Other (SPECIFY)		
_____	1	(15)

2a. Did you start it yourself or did you purchase it from someone else?

Started themselves 1 (16)

Purchased ..... 2 --> (IF PURCHASED, ASK:)
How long had it been in business when you bought it?

_____ years (17-18)

Other (PLEASE SPECIFY)

_____ 3

2b. Did you start it or buy it yourself or with one or more other individuals?

Self	1 --> (SKIP TO Q. 3)	(19)
With others	2 --> (ASK Q. 2c)	

2c. (ASK ONLY IF STARTED OR BOUGHT WITH OTHERS:) Was this person(s) a member of the same or opposite sex?

Same	1	(20)
Opposite	2	
Both	3	

3. Many entrepreneurs and small business owners say they started their own businesses for the independence it provides. Aside from independence which might include factors such as flexible schedules, not reporting to a boss other than yourself, and so on, what MAJOR reason or need did you have for starting your own firm?

_____ 21-

_____ 22-

_____ 23-

_____ 24-

4a. Is this the first business you've started or were there others before?

First started	1 --> (SKIP TO Q. 4d)	(25)
Others before	2 --> (ASK Q. 4b)	

4b. How many others have you started? #_____ (26)

4c. How many of those are still operating? #_____ (27)

4d. Were you ever employed in a similar field before you started this firm?

Yes ..... 1 No 2 (28)

5. For each of the following, please tell me how worrisome each was during the early months of running your business. Use the following scale for each: Kept me awake at night -- a Great Deal, Often, Occasionally, Seldom or Never. (START WITH X'd ITEM. CONTINUE UNTIL ALL ARE RATED)

(START HERE)		KEPT ME AWAKE AT NIGHT: A Great Deal	Often	Occasionally	Seldom	Never	
( )	Cash flow	5	4	3	2	1	(29)
( )	When to hire employees	5	4	3	2	1	(30)
( )	How to find good employees	5	4	3	2	1	(31)
( )	How to keep employees	5	4	3	2	1	(32)
( )	Financing capital improvements	5	4	3	2	1	(33)
( )	How to get and maintain health insurance for employees	5	4	3	2	1	(34)
( )	Paperwork	5	4	3	2	1	(35)
( )	Figuring out how to best sell or market my products/services	5	4	3	2	1	(36)
( )	Insuring my business	5	4	3	2	1	(37)
( )	Determining how to improve productivity	5	4	3	2	1	(38)
( )	Bookkeeping	5	4	3	2	1	(39)
( )	Inventory control	5	4	3	2	1	(40)
( )	Government regulations	5	4	3	2	1	(41)
( )	Production	5	4	3	2	1	(42)
( )	The economy	5	4	3	2	1	(43)

6. As best you can recall, on what sources did you rely most for counsel or advice to start your business? (DO NOT READ LIST. CIRCLE ANY MENTIONED. LIST OTHERS.)

Accountant 1 (44)
Banks/banker 2
Chamber of Commerce 3
Friend/relative 4
Lawyer 5
Mate (husband or wife) 6
Other business owners 7
Consultants 8
Small Business Administration (SBA) .. 9 (44)
National Federation of Independent Businesses (NFIB) 0
Other government organizations x
Trade organization/group ..... y
Other (SPECIFY)

_____ (45)

_____

7. We would like to find out whether the focus of your business has changed or remained basically the same since you started it. Which of the following statements comes closest to describing your business:

When I started, my business goals were broad -- that is, either I expected to sell many products or services to customers OR a limited number of products or services to many different types of customers. And, the focus has basically remained rather broad 1 (46)

OR

When I started this business, it had a broad focus which I narrowed or tightened over time 2

OR

When I started this business, it had a narrower focus in terms of products/services and/or customers than it has now 3

OR

I started with a narrow focus and have stayed narrow 4

8. If you were to give one piece of advice to individuals starting their own businesses today based upon your early experiences, what would it be?

_____ (47)

_____ (48)

_____ (49)

_____ (50)

Now I'd like to explore at what point during the development of your business you first began to use available technologies to help you run or manage your business.

(FOR EACH ITEM ON LIST, COMPLETE QUESTIONS 9a THROUGH 9c BEFORE PROCEEDING TO NEXT ITEM.) (START WITH "X'd" ITEM. CONTINUE UNTIL ALL ITEMS ARE ANSWERED)

9a. In approximately what year of your business' growth did you first purchase or lease (INSERT ITEM FROM LIST)? (WRITE DOWN "1," "2," "3," ETC. TO DESIGNATE YEAR OF BUSINESS. "0" MEANS NEVER PURCHASED OR LEASED.)

9b. (FOR THOSE WITH NUMBERS OTHER THAN "0" IN Q. 9a, ASK:) And, do you currently use (INSERT ITEM)? (CIRCLE ONLY IF CURRENTLY USED.)

9c. How helpful were (INSERT ITEM) when you first purchased or leased them? Extremely Helpful, Somewhat Helpful, Not Very Helpful or Not At All Helpful?

(START HERE)	Q. 9a Years In Business Before Purchase	Q.9b Currently Use	Q. 9c Extremely	Somewhat	Not Very	Not At All	
( ) Word Processors	____(51)	1 (56)	4	3	2	1	(57)
(X) Standalone PCs	____(52)	2	4	3	2	1	(58)
( ) PC Systems/Networks	____(53)	3	4	3	2	1	(59)
( ) Mid-range Computers/Networks	____(54)	4	4	3	2	1	(60)
( ) Point of Sale Computers	____(55)	5	4	3	2	1	(61)

9d. (IF ANY "NOT VERY" OR "NOT AT ALL HELPFUL" IN Q. 9c OTHER THAN WORD PROCESSORS, ASK:) You indicated limited helpfulness for at least one of the items we've just discussed. What problems did you encounter when you originally started using (INSERT ITEMS EXCEPT WORD PROCESSORS FOR WHICH EARLY DISSATISFACTION EXPRESSED)?

_____(62)

_____(63)

_____(64)

_____(65)

10a. (ASK Q.s 10a-10d ONLY OF THOSE WITH EQUIPMENT OTHER THAN WORD PROCESSORS IN Q. 9b) Other studies conducted among small business owners usually find that these companies utilize their computers for basically the same purposes as they did several years ago -- for finance/accounting, word processing and mailing lists/billing. Do you use your computer significantly for any other activities?

Yes ..... 1 No ..... 2 --> (SKIP TO Q. 10c) (66)

10b. For what activities/functions? (DO NOT READ. CIRCLE ANY MENTIONED BELOW UNDER Q.10b)

10c. (FOR THOSE NOT CIRCLED IN Q. 10b, ASK:) For each of the activities/functions I read, please tell me if you understand how your computer could be used to perform it. (CIRCLE APPROPRIATE NUMBER FOR YES OR NO UNDER Q. 10c BELOW)

	Q. 10b		Q. 10c YES	Q. 10c NO		
Banking	1	(67)	1	2	(69)	
Bar Coding/Scanning	2		1	2	(70)	
Business Forecasting/Planning	3		1	2	(71)	
Computer Aided Design	4		1	2	(72)	
Customer Access to Company Catalogues	5		1	2	(73)	
Credit Reports/Checking	6		1	2	(74)	
Database Access	7		1	2	(75)	
Desktop Publishing	8		1	2	(76)	
Electronic Ordering	9		1	2	(77)	
Electronic Bulletin Boards	0		1	2	(78)	
Inventory Management	x		1	2	(79)	80-1
Payroll	y		1	2	(5)	END CARD 1
Personnel/Benefits Files	1	(68)	1	2	(6)	
Tax Calculations/Preparation	2		1	2	(7)	
Writing Business Plans	3		1	2	(8)	
Accounting	4		1	2	(9)	
Telemarketing	5		1	2	(10)	

Other (SPECIFY)

_____

10d. What do you think the major reason is that most small businesses continue to rely upon their computers for the relatively basic, but highly important, functions of finance/accounting, word processing and billing I mentioned earlier? Why haven't they broadened their use of computers?

_____(11)

_____(12)

_____(13)

_____(14)

11. How comfortable, if at all, do you feel now about your knowledge and use of computers in your business? (READ LIST)

Extremely comfortable ..... 1 (15) Not very comfortable 3
Somewhat comfortable ..... 2 Not at all comfortable ... 4

12. Thinking back to when you first started your business, how comfortable, if at all, did you feel about the use of computers in your business? (READ LIST)

Extremely comfortable ..... 1 (16) Not very comfortable 3
Somewhat comfortable ..... 2 Not at all comfortable ... 4

Now, I'd like to change the focus of my questions a bit.

13. Over the last two years, has your business revenue: (READ LIST)

Grown considerably 1 (17)
Grown somewhat 2
Remained about the same 3
Decreased somewhat 4
Decreased considerably 5

14. And, over the next year, do you expect your business revenue to: (READ LIST)

Grow considerably 1 (18)
Grow somewhat 2
Remain about the same 3
Decrease somewhat 4
Decrease considerably 5

15. For the moment, assume that you are in a hiring mode. How, if at all, has the downsizing of businesses in your area affected <u>your</u> ability to hire more qualified individuals than you may have been able to get a year or two ago? (READ LIST. CIRCLE ONE)

There are substantially more qualified individuals available from whom to choose now 1 (19)
There are some more qualified individuals available from whom to choose now 2
The downsizing hasn't affected my ability to hire since the people now out of work as a result of the downsizing do not have the qualifications to work for me 3
There really hasn't been much downsizing of companies in my area 4

Other (SPECIFY) _____ 5
(DO NOT READ) Don't know 6

16a. Do you expect to downsize in the coming year?

Yes ..... 1 No ..... 2 --> (SKIP TO Q. 17) (20)

16b. By approximately what proportion of your total employees? _____% (21-22)

17. Thinking about the geographic area of your business headquarters and operations, how would you evaluate it in terms of the ease or difficulty with which you can operate your business? Would you say the immediate business environment is ...

Extremely easy in which to do business 1
Easy in which to do business ..... 2 —(ASK Q. 18) (23)

Fairly difficult in which to do business 3
Extremely difficult in which to do business .. 4 —(ASK Q. 19)

18. (IF EASY IN Q. 17, ASK:) What factors make it easy in which to do business?

_____ (24)
_____ (25)
_____ (26)
_____ (27)

19. (IF DIFFICULT IN Q. 17, ASK:) What factors make it difficult to operate a business?

_____ (28)
_____ (29)
_____ (30)
_____ (31)

20. (FOR ALL:) If you think about the infrastructure surrounding your business headquarters -- in other words, transportation, taxes, labor availability, educational system, quality of life, and so on, what would you say is <u>most</u> in need of improvement?

32-
_____ 33-
34-

Now, I'd like to ask you about exporting.

21. Does your company export its products/services abroad?

Yes ... 1--> (SKIP TO Q. 23) No ... 2—> (ASK Q. 22) (35)

22. Do you plan to do so in the next three years?

Yes 1
No ..... 2 —> (SKIP TO Q. 27) (36)
Unsure 3

23. For how long have you been exporting? _____ years (37)

24. What proportion of your business volume is accounted for by exports? _____% (38-39)

25. To what parts of the world do you export? (READ LIST)

Canada	1	Asia/Far East	7	(40)
Mexico	2	Middle East	8	
Latin America	3	Pacific Rim	9	
South America	4	Other (SPECIFY)		
Eastern Europe	5			
Western Europe	6	_____		

26. In the next three years, do you expect revenues derived from exports to grow, remain the same or decrease?

(41)

Grow ..... 1 ---> By About what percentage? _____% (42-43)
Remain same 2
Decrease ..... 3 ---> By About what percentage? _____% (44-45)
Unsure 4

27. Does your business import products or services from abroad?

Yes ..... 1 No 2 (46)

28. Finally, what sources do you rely upon most <u>now</u> for counsel or advice for running your business? (DO <u>NOT</u> READ LIST)

Accountant	1 (44)	Small Business Administration (SBA) ..	0	(47)
Banks/banker	2	National Federation of Independent Businesses (NFIB)	x	
Chamber of Commerce	3	Other government organizations	y	
Friend/relative	4	Trade organization/group	1	(48)
Lawyer	5	Other (SPECIFY)		
Employees	6			
Mate (husband or wife).....	7	_____		
Other business owners	8			
Consultants	9	_____		

<u>DEMOGRAPHICS</u>

A1. Were either of your parents entrepreneurs? (IF YES, ASK:) Mother? Father? or Both?

<u>Yes</u> ... 1--> Mother 2 (49)
Father 3
Both Parents 4

<u>No</u> 5

A2. Looking back at yourself during schooling, would you say you were:

An excellent student	1	A mediocre student	3	(50)
An okay student	2	A poor student	4	

A3. When you were a young child, did you have your own business or earn money through a paper route?

Yes ..... 1 No 2 (51)

A4. Which of the following best describes you?

I love spectator sports 1 (52)
I can't sit still long enough to really enjoy spectator sports 2

A5. Have you ever been: (ASK BOTH)

	<u>YES</u>	<u>NO</u>	
Fired	1	2	(53)
Layed Off	1	2	(54)

B. When do you plan to retire? (DO <u>NOT</u> READ LIST)

Probably never	1	Specific # of years	4	(55)
Never	2	Other (SPECIFY)		
Specific Age	3	_____	0	
		Don't Know	x	

C. How many locations does your firm have in the U.S.? #_____ (56)

Abroad? #_____ (57)

D. Approximately what are the annual revenues of your firm? (DO NOT READ LIST)

Under $500,000	1 (58)	Between $15 million and $19.9 million	8 (58)
Between $500,000 and $999,999	2	Between $20 million and $24.9 million	9
Between $1 million and $2.9 million	3	Between $25 million and $29.9 million	0
Between $3 million and $4.9 million	4	Between $30 million and $34.9 million	x
Between $5 million and $7.4 million	5	Between $35 million and $49.9 million	y
Between $7.5 million and $9.9 million	6	$50 million +	1 (59)
Between $10 million and $14.9 million	7	Refused	x

E. Is your firm located primarily in:

A large city/metro area	1	A town	4	(60)
A medium city	2	A rural area	5	
A small city	3			

F. RECORD: Male ..... 1 Female 2 (61)

G. Approximately what is your age? (READ LIST)

18 to 24	1	40 to 49	4 (62)
25 to 34	2	50 to 59	5
35 to 39	3	60 or older	6

H. What is the approximate average age of your employees? (READ LIST)

18 to 24	1	40 to 49	4	(63)
25 to 34	2	50 to 59	5	
35 to 39	3	60 or older	6	

I. What is the last year of school you have completed? (READ LIST)

High school or less	1	College graduate	4	(64)
Technical school	2	Postgraduate work/degree	5	
Some college	3			

J. What is the average educational level of your employees? (READ LIST)

High school or less	1	College graduate	4	(65)
Technical school	2	Postgraduate work/degree	5	
Some college	3			

K. What is your title?

CEO	1	Partner	5	(66)
CFO	2	Other (SPECIFY)		
President	3			
Owner	4	_____	x	

L. Would you classify yourself as:

A liberal Democrat	1 (67)
A moderate Democrat	2
A conservative Democrat	3
A liberal Republican	4
A moderate Republican	5
A conservative Republican	6
A liberal Independent	7
A moderate Independent	8
A conservative Independent	0
Other (SPECIFY)	

_____

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END CARD 11